

FISCAL NOTE

SB 760 - HB 1326

April 2, 2007

SUMMARY OF BILL: Enacts the "Newborn Umbilical Cord Blood Initiative Act of 2007" which establishes a network of postnatal tissue and fluid banks. Creates the Tennessee Commission for the Newborn Umbilical Cord Blood Initiative.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$22,196,000 Recurring
\$75,500,000 One-Time**

Increase State Revenues - \$23,460,000

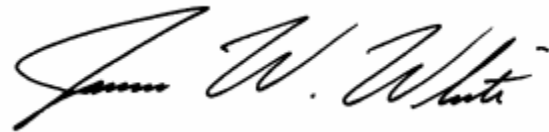
Assumptions:

- There will be five facilities located in Memphis, Nashville, Chattanooga, Knoxville, and Johnson City.
- It is assumed that current facilities are not suitable for processing and storage of specimens. The Tennessee Higher Education Commission estimates non-recurring facility improvement costs will be \$15,000,000 per facility. Such will increase one-time expenditures by \$75,000,000.
- There will be a statewide director which is estimated to increase state expenditures by \$145,000 for salary and benefits.
- Facility personnel will include a program administrator, a database specialist, four lab technicians, two lab scientists, two office clerks, and a secretary. Total increase in expenditures for salaries and benefits will be \$790,200.
- Each facility will need public education materials which are estimated to be \$35,000 per year and operating costs of \$75,000 per year.
- The annual specimen storage costs per facility are estimated at \$3,500,000.
- The total expenditures per facility are estimated to be \$4,400,200 (\$790,200 + \$35,000 + \$75,000 + \$3,500,000). The total cost for 5 facilities is estimated to be \$22,001,000 (\$4,400,200 X 5 = \$22,001,000).
- There will be recurring expenditures of \$50,000 and one-time expenditures of \$500,000 for database software and materials to be shared at all facility locations.

- There are approximately 80,000 live births in Tennessee annually. It is estimated that 30% of those births will participate in the program resulting in 24,000 specimens.
- There will be a cord blood and amniotic fluid processing fee of \$800 which will result in an increase in state revenues of \$19,200,000 (\$800 X 24,000 specimens).
- There will be a cord blood and amniotic fluid storage fee of \$125 which will result in an increase in state revenues of \$3,000,000 (\$125 X 24,000 specimens).
- Storage of tissue such as placentas requires different technology, equipment, and transportation methodology. It is assumed that there will be 1,000 placentas transported and processed at a fee of \$1,200 per unit, but only 300 will be usable and stored at a fee of \$200. Such will result in an increase in state revenues of \$1,200,000 (1,000 X \$1,200) in processing fees and \$60,000 (300 X \$200) in storage fees.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director